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TRADE POLICY REVIEW

REPORT BY

UNITED STATES

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by United States is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on United States.

Contents

1 THE UNITED STATES IN THE GLOBAL TRADING SYSTEM

1.1. As the United States Government undergoes its twelfth Trade Policy Review-more than any other WTO Member-the United States remains committed to an ambitious trade and investment strategy to create and sustain jobs and promote economic growth and development. Recognizing that trade has made and continues to make a powerful contribution in expanding the global economy, the United States aims to create momentum for market-opening measures that increase economic opportunities and support jobs through exports by encouraging a strong rules-based international trading system, and bolstering international trade relationships.

1.2. The WTO has long been a vital aspect of the United States' trade and investment policy, given its important function in setting the rules that govern the global trading system. The WTO provides opportunities to further liberalize global trade, strengthen the multilateral rules-based trading system, enforce global trade rules, and serve as an important bulwark against protectionism.

1.3. In addition to supporting the expansion of WTO Membership and playing a proactive role in market-opening negotiations, including in the recently launched plurilateral Environmental Goods Agreement, the United States will continue to promote and strengthen the WTO's existing core functions. This includes the day-to-day activities of the WTO committees, working groups, councils and dispute settlement mechanism. These institutional structures are critical to promoting transparency in WTO Member trade policies, as well as monitoring and resisting protectionist pressures during a challenging time for the global economy. By working together, WTO Members can build upon efforts to revitalize the WTO and ensure that the institution remains well-equipped to drive future economic growth and development. The United States will also utilize the WTO's network of committees to consider emerging challenges, such as state-owned enterprises, electronic commerce, food security, and regulatory trade barriers.

1.4. More broadly, the United States will appropriately utilize every available policy tool – and will continue to develop new tools – to pursue the most efficient and productive pathways to expand trade and foster economic growth, consistent with WTO rules. In 2013, the United States made substantial progress with its trading partners towards concluding the Trans-Pacific Partnership (TPP) negotiations. The United States expects the TPP will be an ambitious, comprehensive, high-standard trade agreement in the world's fastest growing region. The United States also participated in the launch of two ground-breaking trade negotiations – the Transatlantic Trade and Investment Partnership (T-TIP) and the Trade in Services Agreement (TiSA). Progress with the European Union toward a T-TIP agreement is expected to further strengthen the world's largest trade relationship, while TiSA promotes fair and open competition in the service sectors of participating countries.

1.5. Robust trade enforcement across the spectrum of goods and services remains a central pillar of U.S. trade policy. For nearly two decades, the WTO dispute settlement system has proven valuable to Members as a unique venue for the discussion and adjudication of disputes with our trading partners. The United States' enforcement priorities seek to target the most commercially-significant challenges facing U.S. workers and businesses, as well as emerging issues that have important implications for the future of the rules-based global trading system. Vigorous work by relevant agencies, including the Departments of Agriculture, Commerce, and State, help ensure that trade agreements yield the maximum benefits in terms of ensuring market access for Americans, advancing the rule of law internationally, and creating a fair, open, and predictable trading environment. Ensuring full implementation of U.S. trade agreements remains one of the Administration's strategic priorities.

1.6. The United States will continue vigilant trade enforcement efforts at the WTO, while also monitoring and enforcing commitments in our bilateral, plurilateral, and regional trade agreements, to maintain a level playing field and uphold the rule of law. The United States remains committed to working with its trading partners to create a global trading system in which intellectual property is protected, innovation is promoted, agricultural and industrial regulations are based on science, transparent rules and regulations are applied without discrimination, and high environmental and labor standards are respected.

1.7. Trade is a key component in efforts to achieve the broad-based economic growth necessary to drive development, economic growth, and recovery in countries transitioning away from conflict and natural disasters. Recognizing the role that trade policies can serve in helping to alleviate poverty, the United States has continued to partner with some of the world's least-advantaged economies in order to promote trade as a tool for poverty reduction. Looking at the historical record, it is clear that while trade alone cannot solve every development challenge, open markets are a necessary part of any successful and sustainable development strategy. Thus, the U.S. trade agenda brings traditional policy tools into the 21st century and offers a more comprehensive look at development. Many regions of the developing world hold considerable potential for economic growth, and the United States will continue to explore new ways to partner with those countries to harness the power of trade as an engine of growth and prosperity.

2 THE UNITED STATES ECONOMIC AND TRADE ENVIRONMENT

2.1 Trade Policy

2.1. The World Trade Organization (WTO) remains the critical forum for liberalizing multilateral trade, strengthening the multilateral rules-based trading system and enforcing global trade rules, and serves as an important bulwark against protectionism. The United States is committed to preserving and enhancing the WTO's role. With roughly 80% of the world's economy and 95% of the world's population living outside the United States, the United States is committed to opening foreign markets through negotiating trade agreements, whether multilateral, regional, bilateral, or plurilateral, as well as maintaining the integrity of existing trade agreements and enforcing U.S. rights under those agreements.

2.2. Trade liberalization has benefited both the United States and the rest of the world by providing more affordable goods and services, raising living standards, fueling economic growth, and supporting good jobs. Reducing barriers to worldwide trade also offers greater product variety, enhances product quality, and increases innovation. All countries can gain from trade when we all focus on opening markets and playing by the rules of our WTO-based multilateral trading system.

2.3. In 2013, U.S. goods and services exports supported an estimated 11.3 million jobs in the United States alone, including one in four jobs in the manufacturing sector. These export-oriented jobs pay higher wages than the national average. Imports helped expand purchasing power in the United States, widen choice for American consumers, provide valuable intermediate inputs into U.S. production, and increase U.S. competitiveness. Over half of U.S. imports in 2013 were intermediate inputs.

2.4. The United States maintains one of the world's most open trade regimes, with the current U.S. simple average tariff at 3.4% on a legally bound basis under the WTO. When GSP and other tariff preferences are taken into account, the U.S. trade-weighted average tariff is 1.4% on an applied basis. By comparison, simple average tariffs in our top five trading partners range from 4.3% to 9.6% and trade-weighted average tariffs range from 2.2% to 5.4%. In 2013, nearly 70% of all U.S. imports (including under preference programs) entered the United States duty free. U.S. service markets are open to foreign providers and U.S. regulatory processes are transparent and accessible to the public.

2.2 Economic Growth

2.5. During the period under review, the United States continued to recover from the global recession. U.S. real gross domestic product (GDP) increased by 2.3% in 2012 and 2.2% in 2013 (including an average annual rate of 4& over the 2nd half of 2013). However, U.S. real economic activity paused in the first quarter of 2014, and real GDP declined 2.1% due to mostly transitory factors, including the effects of an unusually cold and snowy winter (the third coldest in the last 60 years with a record number of major snowstorms). Real GDP rebounded in the second quarter of 2014 increasing by 4.6%. The Administration is forecasting real GDP growth of 2.4% for full-year 2014 and real growth for 2015 and 2016 is estimated to be 3.5% and 3.3%, respectively. Since the end of the recession in the 2nd quarter of 2009 through the 2nd quarter of 2014, U.S. GDP has increased at an annual rate of 2.2%. The leading contributors to this growth have been consumer spending, exports, and business fixed investment.

2.6. Personal consumption expenditures, which account for nearly 70% of U.S. GDP, increased 4.3% between 2011 and 2013 and have contributed an average of 1.5 percentage points per quarter to GDP growth since the end of the recession (through 2nd quarter 2014). Business fixed investment increased 10.4% between 2011 and 2013, and has contributed an average of 0.6 percentage point per quarter to GDP growth since the end of the recession. Both U.S. real exports and imports of goods and services increased between 2011 and 2013, with exports up 6.4% and imports up 3.5%. Over the past 20 quarters of recovery (through 2nd quarter of 2014), real exports of goods and services have contributed 0.7 percentage point to U.S. GDP growth, roughly one-third of the growth in U.S. GDP. U.S. government expenditures declined by 3.4% between 2011 and 2013 - driven by a decline in federal government expenditures of 7.4% (led by a reduction in national defense funding of 9.7%). State and local government expenditures stayed roughly steady, declining by less than 1%.

2.3 Federal Budget Deficit

2.7. The Federal budget deficit has declined significantly over the period under review in both absolute terms and relative to GDP. The budget deficit dropped from US$1.3 trillion (8.4% of GDP) in fiscal year 2011 to US$1.1 trillion (6.8% of GDP) in fiscal year 2012, and to US$680 billion (4.1% of GDP) in fiscal year 2013. The federal deficit as a share of GDP in fiscal year 2013 was less than half the 9.8% deficit recorded in fiscal year 2009. According to the *Mid-Session Review of the FY2015 Budget*, the federal budget deficit is projected to decline to US$583 billion (3.4% of GDP) in FY2014 and US$525 billion (2.9% of GDP) in FY2015. The deficit is estimated to average 2.5% of GDP from FY2015 through FY2024. The primary deficit (non-interest outlays less receipts) is projected to become a primary surplus in FY2021 and grow through the end of the forecast horizon. The debt-to-GDP ratio is projected to peak at 74.6% in FY2015 and then begin to decline, falling to 72.0% of GDP by FY2024 (equivalent to its FY2013 level). The progress in reducing the deficit as a share of GDP reflects both the stronger U.S. economy and the deficit reduction plan put into place by the United States.

2.4 Nominal Savings/Investment

2.8. U.S. gross saving as a percentage of gross national income has declined in recent years from a peak of 21.1% in 1998 to a low of 14.3% in 2009. It has since increased for the past four years reaching 17.0% in 2012 and 17.6% in 2013, the period under review. The increase in gross saving of US$598 billion between 2011 and 2013 was primarily due to an increase in government saving of US$613 billion. Deleveraging by households continued in 2012 as the personal saving rate reached a recent high of 7.2%. It dropped to just under 5% in 2013, but is still roughly double the low of 2.5% reached in 2005.

2.9. U.S. gross investment increased by US$367 billion between 2011 and 2013, 60% the increase in U.S. gross saving. With levels of U.S. saving growing faster than domestic investment, a decline in net inflows of capital occurred, from US$461 billion in 2011 to US$454 billion in 2012, and US$401 billion in 2013.

2.5 Labor Markets

2.10. U.S. employment continued to increase during the period under review, up over 6 million between December 2011 and July 2014 (up 2.2 million between December 2011 and December 2012, up 2.3 million between December 2012 and December 2013, and up 1.6 million between December 2013 and July 2014). U.S. employment has increased by 9.3 million between the trough in February 2010 and July 2014, and private employment has increased for the past 53 consecutive months, up 9.9 million in all. Manufacturing employment has also increased, up over 700 thousand since February 2010, and accounted for one in 11 U.S. non-farm jobs in 2013. Service-producing industries (including government) employed 86% of all U.S. non-farm workers in 2013, and services jobs are up nearly 8 million since February 2010. With the improvement in U.S. employment during this period, the unemployment rate has also declined, dropping from a high of 10.0% in October 2009 to 6.2% in July 2014. Since January 2013, the unemployment rate has declined by 1.7 percentage points.

2.11. Although the labor market continues to improve, the recovery is not yet complete. Even with the recent declines, the unemployment rate remains above the estimates of its longer-run level. Labor force participation also appears to be weaker than expected based on changing demographics and the level of unemployment. Most measures of labor compensation have also been rising slowly – another indication of the significant slack which remains in the U.S. labor market.

2.6 Productivity

2.12. Labor productivity, as measured by output per hour worked, grew by nearly 2% between 2011 and 2013 (up 1% in 2012 and up 0.9% in 2013). Manufacturing productivity grew nearly 60% faster, up 3.0% between 2011 and 2013 (up 1.0% in 2012 and up 2.0% in 2013).

2.7 Exports, Imports, and the Trade Balance

2.13. Nominal U.S exports of goods and services increased by 7% between 2011 and 2013 (from US$2.13 trillion to US$2.28 trillion), higher than the growth in world exports of 5.5% during the same period. This is considerably slower than the 33% increase in exports between 2009 and 2011, during the recovery from the global trade collapse. Nominal U.S. imports of goods and services increased by 3% between 2011 and 2013 (from US$2.68 trillion to US$2.76 trillion). As a share of nominal GDP, U.S. goods and services exports increased to record levels of nearly 14% from 2011 through 2013. U.S. goods and services imports decreased from 17.3% of GDP in 2011 to 16.5% of GDP in 2013.

2.14. The United States was the recipient of 16.9% of goods and services exports from the rest of the world (excluding intra-EU exports) in 2013. The United States supplied 14.3% of goods and services imports to the rest of the world (excluding intra-EU imports).

2.15. During the period of review, the U.S. goods and services trade deficit with other countries (on a national income and product accounts basis) decreased by 12.4% from US$580 billion in 2011 (3.7% of U.S. GDP) to US$508 billion in 2013 (3.0% of U.S. GDP). Excluding the recession year of 2009, the trade deficit in 2013 was at its lowest level since 2003 in value and was at its lowest level since 1999 as a share of GDP. This is down from an all-time high of US$771 billion, or 5.6% of GDP, in 2006.

2.8 Challenges to the U.S. and Global Recovery

2.16. The U.S. economy is projected to expand at a healthy pace over the next several years, but it will continue to face a number of challenges, both domestic (housing sector and fiscal policy) and international (growth slowdown from abroad).

2.17. After previous recessions, the rebound in housing activity spurred recoveries. During this recovery, the overhang of foreclosed and distressed properties constrained construction. Although having improved in 2012, and early 2013, housing activity has recently flattened from its earlier pace (likely due in large part to a sharp increase in mortgage interest rates in the spring of 2013). The outlook for housing remains favourable in light of improving conditions in the labor market and the broader economy and the potential for a faster pace of household formation going forward. However, the sector continues to face a number of challenges, including a restricted supply of mortgage credit and high number of mortgage holders with negative equity.

2.18. Similarly, discretionary fiscal policy has typically boosted growth in years just after a recession. But this policy shifted quickly from expansionary to contractionary as the recovery progressed. The negative impact of contractionary fiscal policy has been considerably less in 2014 than in 2013 due in part to the Bipartisan Budget Act of 2013 and the subsequent Consolidated Appropriations Act of 2014 which partially reversed the sharp cuts imposed under sequestration scheduled to take effect in 2014 and 2015. It is anticipated that fiscal drag over the next few years is likely to be relatively low.

2.19. The trajectory of foreign demand growth will have important implications for the overall pace of growth of U.S. exports and economic activity. The current post-financial crisis recovery has been exceptionally weak in comparison to past recoveries, most notably in Europe but also with growth in many emerging market economies decelerating relative to the pre-crisis rates of growth.

Should foreign demand growth continue to be sluggish, it will present a challenge for U.S. exports, which have been an important source of strength for the U.S. economy.

2.20. More generally, global rebalancing has been a mixed success. The current account balances of the United States and China have declined substantially, as has the aggregate of imbalances relative to global GDP. Some of this adjustment reflects real changes in underlying fundamentals – such as a reduction in the undervaluation of the real exchange rate in China and increased saving and domestic energy production in the United States. Elsewhere, however, current account balances have swung from deficit to surplus in parts of Europe and in Korea while the surpluses of many Asian economies and Germany remain large. Moreover, the adjustment process has been inefficiently asymmetric with deficit economies contributing a far larger share to global adjustment through employment-constraining compressed domestic demand growth. The expected boost in demand growth by surplus economies needed to offset weaker demand growth in deficit economies has yet to materialize. The net result has been a slower global adjustment process and a weaker and more fragile global economy than necessary or desired.

2.9 Conclusion

2.21. The WTO rules-based system has proved its value in supplying the framework of rules, rights and obligations and the United States remains firmly committed to this institution. The United States looks to work with other members to achieve further significant liberalization and expansion of world trade through the WTO, which will benefit both developing and developed countries.

3 OPENNESS AND ACCOUNTABILITY: BUILDING SUPPORT FOR TRADE

3.1. Support for the United States' active trade agenda – including for bilateral and regional trade agreements as well as U.S. participation in the WTO – has been built through extensive outreach to U.S. industry leaders, entrepreneurs, farmers, ranchers, small business owners, workers, state and local government officials, and advocates for labor rights, environmental protection, and public health, among other issues. Constant coordination with Congress is also vital. The United States views the act of consulting with those interested in and affected by issues as an important part of any government's responsibility. Advice from such stakeholders is both a critical and integral part of the trade policy process.

3.2. As a result, the Administration has sought to broaden opportunities for public input and increased transparency of trade policy. This has been accomplished in part via increased use of the U.S. Trade Representative's (USTR) website, social media, and newsletter communications; online posting of *Federal Register* Notices soliciting public comment and input and publicizing Trade Policy Staff Committee (TPSC) public hearings; increasing transparency regarding specific policy initiatives; managing the agency's increased outreach and engagement with small and medium-sized businesses; meetings with a broad array of domestic stakeholders; and speeches to associations and conferences around the country regarding trade. In addition to public outreach, USTR is responsible for administering the statutory advisory committee system created by Congress under the Trade Act of 1974, as amended, as well as facilitating formal consultations with state and local governments regarding trade issues which may impact them. These efforts are bringing U.S. trade policy into greater balance with the concerns and aspirations of the American people.

3.1 Policy coordination

3.3. USTR has primary responsibility, with the advice of the interagency trade policy organization, for developing and coordinating the implementation of U.S. trade policy, including on commodity matters (for example, coffee and rubber) and, to the extent they are related to trade, direct investment matters. Under the Trade Expansion Act of 1962, Congress established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees that constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

3.4. The Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC), administered and chaired by USTR, are the subcabinet interagency trade policy coordination groups that are central to this process. The TPSC is the first-line operating group, with representation at the senior civil servant level. Supporting the TPSC are more than 80 subcommittees responsible for specialized issues. The TPSC regularly seeks advice from the public on its policy decisions and negotiations through *Federal Register* Notices and public hearings. In 2013 and 2014, the TPSC held public hearings on U.S. negotiating objectives for the proposed Transatlantic Trade and Investment Agreement (May 2013), the participation of Japan in the Trans-Pacific Partnership (July 2013), China's compliance with its WTO Commitments (November 2013), the annual Special 301 report on intellectual property protection (February 2013 and February 2014), the Trade in Services Agreement (March 2013), eligibility for the U.S. Generalized System of Preferences (GSP) (March 2013), the eligibility of Burma and the Lao People's Democratic Republic for benefits under the GSP program, and negotiating objectives for the Environmental Goods Agreement (June 2014).

3.5. Through the interagency process, USTR requests input and analysis from members of the appropriate TPSC subcommittee or task force. The conclusions and recommendations of this group are then presented to the full TPSC and serve as the basis for reaching interagency consensus. If agreement is not reached in the TPSC, or if particularly significant policy questions are being considered, issues are referred to the TPRG (Deputy USTR/Under Secretary level) or to the Deputies Committee of the National Security Council/National Economic Council. Issues of the greatest importance move to the Principals Committee of the NSC/NEC for resolution by the Cabinet, with or without the President in attendance.

3.6. Member agencies of the TPSC and the TPRG consist of the U.S. Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, Health and Human Services, Homeland Security, the Environmental Protection Agency, the Office of Management and Budget, the Council of Economic Advisers, the Council on Environmental Quality, the U.S. Agency for International Development, the Small Business Administration, the National Economic Council, and the National Security Council. The U.S. International Trade Commission is a non-voting member of the TPSC and an observer at TPRG meetings. Representatives of other agencies also may be invited to attend meetings depending on the specific issues discussed.

3.2 Public engagement and transparency

3.7. Through its blog and website pages, http://www.ustr.gov, USTR shares updated information about the United States' efforts to support jobs by opening markets and enforcing America's rights in the rules-based global trading system. Interactive tools on the site allow the public to stay informed of USTR's day-to-day operations. The public is also invited to sign up on USTR's homepage to receive the weekly e-mail newsletter, which highlights USTR's efforts to engage the public, open markets and enforce trade agreements around the world. This is a useful tool for small businesses and stakeholders outside Washington, D.C. to stay informed about trade policy developments and new market opportunities.

3.8. Throughout 2013 and 2014, USTR has issued Federal Register Notices to solicit public comment and has held public hearings at USTR regarding a wide array of trade policy initiatives. Public comments received in response to Federal Register Notices are available for inspection online at http://www.regulations.gov. Some examples of trade policy initiatives for which USTR has sought public comment include those related to the Trade in Services Agreement (TiSA), the Environmental Goods Agreement, in addition to those related to the ongoing negotiations of the Transatlantic Trade and Investment Partnership Agreement (T-TIP) and the Trans-Pacific Partnership (TPP).

3.9. USTR has also taken steps in specific issue areas to increase transparency and augment opportunities for public input, such as through the inclusion of stakeholders at the T-TIP and TPP negotiations. In 2013, USTR hosted two separate forums during the U.S.-hosted rounds of the T-TIP. These events included over 350 global stakeholders at each forum. In addition, USTR worked with each TPP partner hosting negotiating rounds to plan events open to registered stakeholder participation. These events included briefings from chief negotiators and provided multiple opportunities to provide input into the negotiations, including those with respect to chapters addressing environment, tobacco, investment, pharmaceuticals and intellectual property. In addition, USTR created opportunities for the public and other interested stakeholders to receive real-time, detailed briefings from senior USTR officials and technical leads of the TPP negotiations at the conclusion of negotiating rounds.

3.3 Advisory committee process

3.10. The United States continues to rely on its trade advisory committee system as an integral part of its efforts to ensure that U.S. trade policy and trade negotiating objectives adequately reflect U.S. public and private sector interests. The trade advisory committee system consists of 28 advisory committees, with a total membership of over 500 advisors. It includes committees representing sectors of industry, small business, and agriculture; labor, environment, consumer, and health organizations; as well as state and local interests. The system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); five policy advisory committees dealing with environment, labor, agriculture, Africa, and state and local issues; and 22 technical advisory committees in the areas of industry and agriculture.

Tier I: President's Advisory Committee on Trade Policy and Negotiations (ACTPN)

3.11. The ACTPN consists of not more than 45 members who are broadly representative of the key economic sectors affected by trade. The President appoints ACTPN members to four-year terms not to exceed the duration of the committee's charter. Members of ACTPN are appointed to represent a variety of interests including non-Federal Governments, labor, industry, agriculture, small business, service industries, retailers, and consumer interests.

Tier II: The Policy Advisory Committees

3.12. Members of the five policy advisory committees are appointed by USTR or in conjunction with other Cabinet officers. The Intergovernmental Policy Advisory Committee on Trade (IGPAC), the Trade and Environment Policy Advisory Committee (TEPAC), and the Trade Advisory Committee on Africa (TACA) are appointed and managed by USTR. The Agricultural Policy Advisory Committee for Trade (APAC) is managed jointly with the Department of Agriculture and the Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC) is managed jointly with the Department of Labor. Each committee provides advice based upon the perspective of its specific area and its members are chosen to represent the diversity of interests in those areas.

Tier III: The Technical and Sectoral Advisory Committee

3.13. The 22 technical and sectoral advisory committees are organized into two areas: agriculture and industry. Representatives are appointed jointly by the U.S. Trade Representative and the Secretaries of Agriculture and Commerce, respectively. Each sectoral or technical committee represents a specific sector, commodity group, or functional area and provides specific technical advice concerning the effect that trade policy decisions may have on its sector or issue.

3.4 State and local government relations

3.14. USTR maintains consultative procedures between Federal trade officials and state and local governments. USTR informs the states, on an ongoing basis, of trade-related matters that directly relate to, or that may have a direct effect on, them. U.S. territories may also participate in this process. USTR also serves as a liaison point in the Executive Branch for state and local government and Federal agencies to transmit information to interested state and local governments, and relay advice and information from the states on trade-related matters. This is accomplished through a number of mechanisms, detailed below.

State Point of Contact System and IGPAC

3.15. For day-to-day communications, pursuant to the NAFTA and Uruguay Round implementing legislation and Statements of Administrative Action, USTR created a State Single Point of Contact (SPOC) system. The Governor's office in each state designates a single contact point to disseminate information received from USTR to relevant state and local offices and assist in relaying specific information and advice from the states to USTR on trade-related matters. The SPOC network ensures that state governments are promptly informed of Administration trade initiatives so their companies and workers may take full advantage of increased foreign market access and reduced trade barriers. It also enables USTR to consult with states and localities directly on trade matters which may affect them.

3.16. IGPAC makes recommendations to USTR and the Administration on trade policy matters from the perspective of state and local governments. IGPAC has been briefed and consulted on trade priorities of interest to states and localities, including: implementation efforts on Trade Agreements with Colombia and South Korea; the Trans-Pacific Partnership Agreement; the Transatlantic Trade and Investment Partnership; Russia's Accession to the WTO; the Trade in Services Agreement; enforcement mechanisms with China; and other matters. IGPAC members are also invited to participate in monthly teleconference call briefings, similar to teleconference calls held for State Points of Contact and chairs of the advisory committees.

Meetings of State and Local Associations and Local Chambers of Commerce

3.17. USTR officials participate frequently in meetings of state and local government associations and local chambers of commerce to apprise them of relevant trade policy issues and solicit their views. USTR senior officials have met with the National Governors Association, regional governors' associations such as the Council of Great Lakes Governors, the National Conference of State Legislatures, and other state commissions and organizations. Additionally, USTR officials have addressed gatherings of state and local officials and port authorities around the country.

Consultations Regarding Specific Trade Issues

3.18. USTR initiates consultations with particular states and localities on issues arising under the WTO and other U.S. trade agreements and frequently responds to requests for information from state and local governments. Topics of interest since the last U.S. Trade Policy Review included the Trans-Pacific Partnership, the Trade in Services Agreement and the Transatlantic Trade and Investment Partnership and implementation of approved trade agreements with Colombia, Panama, and South Korea, the application of the WTO Government Procurement Agreement, General Agreement on Trade in Services issues, enforcement of trade agreements, and consultations with individual states regarding applicable trade remedy investigations.

4 TRADE POLICY DEVELOPMENTS SINCE 2012

4.1 WTO Agreements and Initiatives

4.1. The United States maintains an abiding commitment to the rules-based multilateral trading system, which advances the well-being of the people of the United States and of our trading partners. The WTO plays a vital role in securing new economic opportunities for all traders and promoting global growth and development with widely shared benefits. The WTO agreements also provide a foundation for high-standard U.S. bilateral and regional agreements that make a positive contribution to a dynamic and open global trading system based on the rule of law.

4.2. During the review period, the United States continued efforts to strengthen the rules-based multilateral trading system, including through new initiatives, as evidenced by the U.S. role in the negotiations to expand the Information Technology Agreement (ITA), as well as the launch of the Environmental Goods Agreement negotiations. The ITA expansion negotiations were launched by the United States and five other ITA Participants in May 2012; by November 2013, the number of Participants involved in the negotiations grew to 27 Participants representing around 90% of global trade in technology goods. The United States is working closely with other Members towards achieving agreement on a balanced and commercially significant product list in the shortest timeframe possible. In July 2014, the United States and 13 other WTO members, accounting for 86% of global trade in environmental goods, launched the EGA negotiations. Achieving global free trade in environmental goods is a key part of both the President's Climate Action Plan and U.S. trade and environmental policy.

4.3. At the WTO's Eighth Ministerial Conference (MC8) in December 2011, there was a consensus among Ministers that the DDA was at an impasse, and that fresh, credible approaches were needed to further trade liberalization. The Ministerial Conference noted that "Members need to more fully explore different negotiating approaches," and reiterated previous ministerial guidance that, where progress can be achieved on specific elements of the DDA, provisional or definitive agreements might be reached before all elements of the negotiating agenda are fully resolved. During the course of 2012 and 2013, Members took the MC8 guidance to heart in working collectively to complete the historic "Bali Package". The Bali package reflected the approach called for at MC8, and included the first new multilateral agreement, the Trade Facilitation Agreement (TFA), in the nearly 20-year history of the WTO. Unfortunately, at the time of the submission of this report, the future of the Bali Package and the entire post-Bali agenda is at serious risk because of the efforts of a small group of countries to block the TFA's implementation in accordance with the terms established by all WTO Ministers at Bali. The United States remains committed to implementation of all Bali decisions, as agreed in December 2013 and hopes that those Members will decide to implement Bali as previously agreed.

4.4. Since entry into force of the Uruguay Round Agreements in 1995, a central theme of U.S. policy has been to undertake the effective and timely implementation of WTO commitments. The United States believes it is not only important for American trade interests, but for the WTO system as a whole, to ensure that all Members meet their commitments. The various manifestations of this policy range from active and constructive participation in the deliberations of WTO committees to the use of the dispute settlement mechanism. U.S. trade policy seeks to support and advance the rule of law.

4.5. USTR coordinates the Administration's active monitoring of foreign government compliance with trade agreements to which the United States is a party and pursues enforcement actions, negotiating solutions, employing WTO and FTA institutional mechanisms, using dispute settlement procedures, and applying the full range of U.S. trade laws when necessary. Vigorous investigation efforts by relevant agencies help ensure that these agreements yield the maximum benefits in terms of ensuring market access for Americans, advancing the rule of law internationally, and creating a fair, open, and predictable trading environment. Ensuring full implementation of U.S. trade agreements is one of the Administration's strategic priorities.

4.6. To ensure the enforcement of WTO agreements, the United States has been one of the world's most frequent users of WTO dispute settlement procedures. Since the establishment of the WTO in 1994, the United States has filed 103 complaints at the WTO, thus far successfully concluding 70 of them by settling 29 cases favorably and prevailing in 41 others through litigation before WTO panels and the Appellate Body. The United States has obtained favorable settlements and favorable rulings in virtually all sectors, including manufacturing, intellectual property, agriculture, and services.

4.2 Regional Initiatives

4.7. As part of its broader efforts to liberalize trade, but still within the scope of WTO rules, the United States is also involved in several regional and bilateral initiatives which complement our efforts within the multilateral trading system. Like other Members of the WTO, the United States has created an extensive series of bilateral and regional trade and investment agreements. The WTO agreements have provided a foundation for high-standard U.S. bilateral and regional agreements that make a positive contribution to a dynamic and open global trading system based on the rule of law. To extend the benefits of trade more broadly, the United States is working with partners around the world to remove barriers to trade and enhance economic integration on a regional basis.

4.8. The United States has insisted on higher standards for U.S. trade agreements, and has taken a proactive approach, in close consultation with Congress and American stakeholders, to ensure trade agreements better serve American workers and business, and better reflect our values. Throughout 2013 and 2014, the United States has sought to intensify its efforts through regional initiatives, such as the TPP, as well as through bilateral engagement with major trading partners and emerging markets.

4.9. During the period of this review, the United States and its TPP partners – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam – made substantial progress toward completing the Trans-Pacific Partnership Agreement (TPP), a high-standard, 12 country Asia-Pacific trade and investment agreement. The TPP will advance U.S. economic interests with the fastest growing region of the world and expand U.S. exports, which are critical to U.S. economic growth and supporting and retaining high-paying, high-quality jobs in the United States, while creating a platform for economic integration across the Asia-Pacific region.

4.10. The TPP will address new and emerging trade issues and 21st-century challenges, including issues related to market access, non-tariff barriers, intellectual property, cross-border services, e-commerce, investment, competition policy, state-owned enterprises, environment, and labor. In addition, the TPP will cover cross-cutting issues not included in previous trade agreements, such as regulatory coherence.

4.11. In July 2013, Japan formally joined the negotiations as the TPP's 12th member, adding significantly to the economic benefits of TPP and underscoring its importance as the most promising pathway for free trade in the Asia-Pacific.

4.12. The following regional initiatives are each examples of the WTO-complementary liberalization efforts pursued by the United States.

4.2.1 North American Free Trade Agreement

4.13. On 1 January 1994, the North American Free Trade Agreement between the United States, Canada, and Mexico (NAFTA) entered into force. All remaining duties and quantitative restrictions were eliminated, as scheduled, on 1 January 2008. NAFTA created the world's largest free trade area, which now links 470 million people producing roughly US$19.5 trillion worth of goods and services. By dismantling barriers, NAFTA has led to increased trade and investment, growth in employment, and enhanced competitiveness. Trade between the United States and its NAFTA partners has soared since the agreement entered into force. U.S. goods exports to NAFTA partners have increased by 271% between 1993 and 2013, from US$142 billion to an estimated US$527 billion.

4.14. After signing NAFTA, the United States, Canada, and Mexico concluded supplemental agreements on labor and environment. Under these agreements, the parties are, among other things, obligated to effectively enforce their environmental and labor laws. The agreements also provide frameworks for cooperation among the parties on a wide variety of labor and environmental issues. In connection with NAFTA, the United States and Mexico also agreed to fund a development bank to address environmental infrastructure needs along the U.S.-Mexico border.

4.15. The United States, together with Mexico and Canada, have continued efforts to ensure that trade liberalization and efforts to protect the environment are mutually supportive. In 2012, the NAFTA Free Trade Commission (FTC), NAFTA's central oversight body, approved a work plan to strengthen cooperation between the FTC and the North American Commission for Environmental Cooperation (CEC). Trade officials from the three countries participated in the development of the CEC's 2013-14 work plan, which was formally adopted in July 2013. The work plan focuses on collaborative actions in three areas: greening transportation, tackling climate change while improving air quality, and addressing trade in electronic waste.

4.2.2 Central America and the Dominican Republic

4.16. On 5 August 2004, the United States signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic. The CAFTA-DR is the first free trade agreement between the United States and a group of smaller developing economies. This agreement is creating new economic opportunities by eliminating tariffs, opening markets, reducing barriers to services, and promoting transparency. It is facilitating trade and investment among the seven countries and furthering regional integration.

4.17. Central America and the Dominican Republic represent the third largest U.S. export market in Latin America, behind Mexico and Brazil. U.S. goods exports to the CAFTA-DR countries were valued at US$30 billion in 2013. Combined total two-way trade in 2013 between the United States and Central America and the Dominican Republic was US$60 billion.

4.18. The agreement entered into force for the United States and El Salvador, Guatemala, Honduras, and Nicaragua during 2006, for the Dominican Republic on 1 March 2007, and for

Costa Rica on 1 January 2009. With the addition of Costa Rica, the CAFTA-DR is in force for all seven countries that signed the agreement.

4.19. In May 2013 and April 2014, senior officials from the United States and the CAFTA-DR countries held meetings of the Environmental Affairs Council established under the environment chapter of the FTA to oversee implementation of and review progress under the chapter and to consider the implementation of environmental cooperation activities under the related Environmental Cooperation Agreement. The Parties held a public session, which included participation from civil society, business, and members of the press.

4.20. In September 2014, the United States announced that it would proceed with a labor enforcement case against Guatemala under the CAFTA-DR. The U.S. has engaged extensively with Guatemala to improve labor law enforcement, including the signing in April 2013 of an enforcement plan to improve labor conditions. Guatemala has taken a number of important steps to implement the enforcement plan, and the U.S. will continue to work closely with Guatemala to resolve remaining concerns.

4.2.3 Asia-Pacific Economic Cooperation Forum

4.21. Since it was founded in 1989, the Asia-Pacific Economic Cooperation (APEC) forum has been instrumental in promoting regional and global trade and investment and is central to our efforts to achieve a seamless economy in the Asia-Pacific region that will expand opportunities for U.S. exporters, services providers, and workers, providing greater economic growth across the region.

4.22. As of March 2013, the 21 APEC member economies collectively accounted for about 40% of the world's population, half of global trade, and 60% of total GDP. In 2013, U.S.-APEC total trade in goods was an estimated US$2.5trillion. Total trade in services was US$376 billion in 2012 (latest data available). The significant value of U.S. trade in the Asia-Pacific region underscores the importance of the region as a market for U.S. exports and the significant role APEC continues to play in promoting trade and investment liberalization and facilitation in the region.

4.23. In 2014, during China's APEC host year, the United States worked with APEC to build on the commitments of previous years, as well as to launch work on other issues of priority to the United States, that will help promote economic growth and support jobs for American workers and businesses. The United States and China joined with APEC economies to endorse a capacity building plan to help developing APEC economies improve the efficiency of supply chains, as measured by reductions in time, cost, and uncertainty of shipments. The projects in the plan will match closely with the provisions of the WTO Trade Facilitation Agreement and use the resources in the Supply Chain Connectivity Sub-Fund, established by APEC Leaders in 2013. APEC's supply chain work will make it significantly cheaper, easier, and faster for businesses to trade in the Asia-Pacific. APEC is working closely with supply chain experts in the region through the new APEC Alliance for Supply Chain Connectivity (A2C2) to advance these goals.

4.24. Work continued, as well, toward the implementation of APEC Leaders' ground-breaking 2011 commitment to reduce their tariffs on an agreed list of environmental goods to 5% or less by 2015. The Public-Private Partnership on Environmental Goods and Services (PPEGS), having been established by APEC Leaders at their meeting in 2013, met for the first time in August in Beijing. This is a forum where APEC governments and industry representatives collectively address critical issues impacting this sector, including addressing non-tariff barriers impacting trade in environmental goods and services.

4.25. APEC also showed leadership by continuing efforts to strengthen the implementation of good regulatory practices and launching a set of actions designed for enabling the growth of global value chains.

4.2.4 The U.S.-ASEAN Trade and Investment Framework Arrangement

4.26. The United States is pursuing several initiatives to expand and deepen economic engagement with the 10 member countries of the fast-growing Association of South East Asian Nations (ASEAN). With a population of approximately 620 million and a combined GDP of

US$2.3 trillion, ASEAN collectively represents the United States' fourth largest export market and fifth largest trading partner. Under a Trade and Investment Framework Arrangement signed in 2006, the United States is working with ASEAN countries to enhance and deepen the U.S.-ASEAN economic relationship and support ASEAN regional integration. In late 2012, the United States and ASEAN launched the U.S.-ASEAN Expanded Economic Engagement (E3) initiative to further elevate and build the U.S.-ASEAN trade and investment relationship.

4.2.5 Engagement with the Middle East and North Africa

4.27. The revolutions and other changes that swept through the Middle East and North Africa (MENA) in 2011 prompted a comprehensive reevaluation of U.S. trade and investment policies toward this critical part of the world. In response to these events, USTR coordinated with other Federal agencies, outside experts, and stakeholders in both the United States and MENA partner countries to develop a trade and investment initiative to support jobs and enhance regional trade. To pursue this initiative, the United States initially focused on developing initiatives with respect to trade facilitation, investment, and the information and communications technology (ICT) sector, in addition to developing longer-term trade and investment objectives with trading partners in the region.

4.28. In 2013, the United States continued to monitor, implement and enforce U.S. FTA's in the region; signed a TIFA with Libya, and sought new opportunities to cooperate more closely with Egypt. Also in 2013, the United States enhanced its engagement with the Gulf Cooperation Council (GCC) countries by negotiating the United States-GCC Framework Agreement for Trade, Economic, Investment and Technical Cooperation. Delegations from the United States, the GCC Secretariat, and the six Member States (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) held a meeting under the Agreement in June 2013, to discuss key trade and investment issues including customs, intellectual property, control procedures for food imports, standards development, legal harmonization, and WTO initiatives.

4.2.6 Managing and deepening U.S.-EU trade

4.29. The U.S. trade and investment relationship with the EU is the largest and most complex economic relationship in the world, with transatlantic trade and investment flows averaging almost US$4.3 billion each day during 2013. The total stock of transatlantic direct investment was worth US$4.1 trillion in 2013. These enormous trade and investment flows are a key pillar of prosperity both in the United States and Europe, and countries around the world benefit from access to the markets, capital, and innovations of the transatlantic economy.

4.30. In 2011, the United States interacted extensively with counterparts in the major EU governing institutions (the European Commission, the European Parliament, and the European Council) and EU Member State governments on key issues for U.S. workers, farmers, and businesses, such as EU restrictions on U.S. agricultural exports, the protection of intellectual property rights (IPR), and joint efforts on shared concerns in third country markets.

4.31. To further strengthen this critical trade and investment relationship, President Obama announced on 13 February 2013 his intention to pursue comprehensive trade and investment negotiations with the EU, which would build upon the work and recommendations of the United States-EU High Level Working Group for Jobs and Growth, co-chaired by the U.S. Trade Representative and the European Commission Directorate. On 17 June 2013, President Obama and EU Leaders announced the launch of negotiations on a Transatlantic Trade and Investment Partnership (T-TIP) agreement. Three negotiating rounds took place in 2013, and both sides have agreed to pursue an ambitious schedule of negotiations in 2014.

4.32. Under the Transatlantic Economic Council (TEC) umbrella, officials from several U.S. agencies and the EU's Directorate-General for Trade and Directorate-General for Enterprise organized the 5th U.S. Small and Medium Enterprise Workshop in Brussels, in October 2013. Participants in the conference exchanged best practices, identified common trade barriers and facilitated increased small business participation in transatlantic trade.

4.2.7 African Growth and Opportunity Act

4.33. For the last 14 years, the African Growth and Opportunity Act (AGOA) has been the cornerstone of U.S.-African engagement on trade and investment. By providing duty-free entry into the United States for almost all products of beneficiary countries, AGOA has helped to expand and diversify two-way trade between the United States and sub-Saharan Africa, and helped to foster an improved business environment in many sub-Saharan African countries. In 2013, U.S.-sub-Saharan Africa two-way trade (exports plus imports) totaled US$63 billion. U.S. total imports under AGOA, including its Generalized System of Preferences provisions, was US$26.8 billion and U.S. imports of non-oil goods under AGOA totalled US$4.9 billion, nearly a fourfold increasing since AGOA entered into force.

4.34. AGOA requires the President to monitor, review, and report to Congress annually on the progress of sub Saharan African countries in meeting the AGOA eligibility criteria set out in the legislation – including, among other things, making continual progress in establishing a market based economy, rule of law, and protection of internationally recognized workers' rights. The U.S. Trade Representative makes recommendations to the President regarding which countries should be eligible for benefits based on an annual country eligibility review that takes into account information drawn from U.S. Government agencies, the private sector, non governmental organizations, and prospective beneficiary governments. In December 2013, the annual AGOA country eligibility review resulted in President Obama designating 40 countries as eligible for AGOA benefits beginning 1 January 2014. The Republic of Mali, which in 2013 installed a democratically elected president following a coup that occurred in that country in 2012, was added to the list of AGOA-eligible countries. In June 2014, President Obama reinstated Madagascar's eligibility for AGOA benefits, effective immediately, and withdrew Swaziland's AGOA eligibility, effective 1 January 2015.

4.35. The United States-Sub-Saharan Africa Trade and Economic Cooperation Forum, informally known as the "AGOA Forum," is an annual ministerial-level meeting with AGOA-eligible countries. In August 2014, the AGOA Forum was held in conjunction with the first ever U.S.-Africa Leaders Summit in Washington DC. The U.S. Trade Representative and other U.S. participants met with numerous African heads of state, trade ministers, leaders of African regional economic organizations, and representatives of the African and American private sectors and civil society to discuss issues and strategies for advancing trade, investment, and economic development in Africa as well as ways to increase two-way U.S.-African trade.

4.2.8 East African Community Trade and Investment Partnership

4.36. During his landmark visit to sub-Saharan Africa in the summer of 2013, President Obama announced a new initiative, Trade Africa, which is a new partnership between the United States and sub-Saharan Africa that seeks to increase intra-Africa trade and investment and expand trade and economic ties between Africa, the United States, and other global markets. Trade Africa will initially focus on the member states of the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania, and Uganda. Trade Africa will help mobilize resources to support increased U.S.-EAC trade and investment, building upon the United States-EAC Trade and Investment Partnership announced in June 2012. Total two-way goods trade between the United States and the EAC was an estimated US$1.8 billion in 2013, with US$1.2 billion in U.S. goods exports and U.S. goods imports totaling US$598 million.

4.2.9 The Caribbean Basin Initiative

4.37. The programs known collectively as the Caribbean Basin Initiative (CBI) are a vital element in U.S. economic relations with its neighbors in Central America and the Caribbean. Initially launched in 1983 by the Caribbean Basin Economic Recovery Act (CBERA) and substantially expanded in 2000 with the U.S.-Caribbean Basin Trade Partnership Act (CBTPA), the CBI was further expanded in the Trade Act of 2002. In addition, the United States provides substantial benefits to Haiti through the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 ("HOPE Act"), the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 ("HOPE II"), and the Haiti Economic Lift Program Act of 2010 ("HELP Act").

4.38. The CBERA provides beneficiary countries and territories with duty-free access to the U.S. market for certain eligible articles. Current beneficiary countries are: Antigua and Barbuda, Aruba, the Bahamas, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. At the end of 2013, the President designated Curaçao, a successor political entity of the Netherlands Antilles, as an eligible beneficiary of CBERA and CBTPA.

4.39. On the date the CAFTA-DR entered into force for Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic respectively, each country ceased to be designated as a CBERA and CBTPA beneficiary. Similarly, Panama ceased to be designated as a CBERA and CBTPA beneficiary when the United States-Panama Trade Promotion Agreement entered into force on 31 October 2012.

4.40. Since its inception, the CBERA has helped beneficiaries diversify their exports. In conjunction with economic reform and trade liberalization by beneficiary countries, the trade benefits of the program have contributed to their economic growth. In December 2013, USTR submitted its tenth biannual report to Congress on the operation of the CBERA. The report can be found on the USTR website, http://www.ustr.gov. On 10 July 2014, the United States submitted a report to the WTO on the operation of the trade-related provisions of the CBERA (WT/L/928).

4.2.10 Andean Trade Preference Act

4.41. The Andean Trade Preference Act (ATPA) was enacted in 1991 to promote broad-based economic development, diversify exports, and combat drug trafficking by providing sustainable economic alternatives to drug-crop production in Bolivia, Colombia, Ecuador, and Peru. In 2002, the Andean Trade Promotion and Drug Eradication Act (ATPDEA) amended the ATPA to provide duty-free treatment for a number of products previously excluded under the original ATPA program. The most significant expansion of benefits was in the apparel sector.

4.42. On 20 June 2013, USTR issued the Seventh Report to the Congress on the Operation of the Andean Trade Preference Act, as amended. Benefits under the ATPA expired on 31 July 2013. On 10 July 2014, the United States submitted a report on the operation of the trade-related provisions of the ATPA (WT/L/930).

4.3 Bilateral Trade Agreements and Initiatives

4.3.1 United States-Australia Free Trade Agreement

4.43. The United States-Australia FTA entered into force on 1 January 2005. U.S. two-way goods trade with Australia was US$35 billion in 2013, up 65% since 2004, the year before the FTA entered into force. U.S. goods exports were US$26.1 billion in 2013, up 87% from 2004, and U.S. goods imports were US$9.3 billion, up 23% from 2004. Agricultural trade between the United States and Australia also continued to grow in 2013, with U.S. agriculture exports to Australia reaching US$1.4 billion.

4.44. In 2013, the United States and Australia continued to closely monitor FTA implementation, including related agriculture, sanitary and phytosanitary measures, and government procurement. The two sides worked to further deepen the trade and investment relationship in the TPP as well as through WTO, APEC, and other regional initiatives.

4.3.2 United States-Bahrain Free Trade Agreement

4.45. The United States-Bahrain FTA entered into force on 1 August 2006. On the first day the agreement took effect, 100% of the two-way trade in industrial and consumer products began to flow without tariffs. In 2013, two way trade in goods was US$1.7 billion. U.S. exports of goods were US$1.0 billion, and U.S. imports of goods from Bahrain were US$636 million.

4.46. The central oversight body for the Agreement is the United States-Bahrain Joint Committee (JC), chaired jointly by the Office of the U.S. Trade Representative and Bahrain's Ministry of Industry and Commerce. Dates for the third meeting of the JC have not yet been set, but when scheduled, officials of the two governments expect to discuss a broad range of trade issues, including efforts to increase bilateral trade and investment levels, possible cooperation in the broader MENA region, and additional cooperative efforts related to labor rights and environmental protection.

4.47. The U.S.-Bahrain FTA also promotes the Administration's policy to increase job-supporting trade and investment between the United States and Middle East. In addition, the United States-Bahrain Bilateral Investment Treaty (BIT) took effect in May 2001.

4.3.3 United States-Chile Free Trade Agreement

4.48. The United States-Chile FTA entered into force on 1 January 2004. The United States-Chile FTA eliminates tariffs and opens markets, reduces barriers to trade in services, provides protection for intellectual property, ensures regulatory transparency, guarantees non-discrimination in the trade of digital products, commits the Parties to maintain competition laws that prohibit anticompetitive business conduct, and requires effective labor and environmental enforcement. In 2013, U.S. goods exports to Chile were US$17.5 billion, while U.S. goods imports from Chile were US$10.4 billion.

4.49. The central oversight body for the FTA is the United States-Chile Free Trade Commission (FTC), comprised of the U.S. Trade Representative and the Chilean Director General of International Economic Affairs or their designees. In June 2014, the United States and Chile executed an exchange of letters agreeing to a Code of Conduct for Dispute Settlement Proceedings and Common Guidelines for the Interpretation, Application and Administration of Chapter Four and other relevant provisions of the Agreement.

4.50. In January 2013, senior U.S. and Chilean officials held a meeting of the Environmental Affairs Council (EAC) established under the environment chapter of the FTA and a meeting of the Joint Commission for Environmental Cooperation established under the related Environmental Cooperation Agreement. The EAC reviewed progress in implementing commitments under the environment chapter and the Joint Commission reviewed the implementation of environmental cooperation activities. The Parties held a public session in connection with these meetings.

4.3.4 United States-Colombia Trade Promotion Agreement

4.51. The United States-Colombia Trade Promotion Agreement (CTPA) entered into force on 15 May 2012. Two-way goods trade totalled US$40.0 billion in 2013. The CTPA's central oversight body is the United States-Colombia Free Trade Commission (FTC), comprised of the U.S. Trade Representative and the Colombia Minister of Foreign Trade and Tourism or their designees. In November 2012, the FTC held its inaugural meeting and concluded that the Agreement was functioning smoothly and was already benefiting both countries. In 2013 both Governments worked together to carry out initiatives launched at the November 2012 FTC, such as consideration of accelerating tariff elimination, additional elements of the dispute settlement mechanism, and updating the rules of origin.

4.52. During 2012 and 2013, the United States continued intensive engagement with the Colombian government under the Action Plan Related to Labor Rights to support its efforts to improve the protection of worker rights, prevent violence against trade unionists, and ensure the prosecution of the perpetrators of such violence. The Colombian government took several important steps during 2013 to strengthen labor rights, including issuing a new law to increase fines for labor violations, and hiring 134 additional labor inspectors for a total of 294 new inspectors since the launch of the Action Plan. More work remains to be done, and the U.S. will continue its intensive engagement with the Government of Colombia and stakeholders to ensure progress on workers' rights.

4.53. In December 2013, both the Environmental Affairs Council (EAC) under the CTPA and the Environmental Cooperation Commission (ECC) under the United States-Colombia Environmental Cooperation Agreement (ECA), which entered into force on 28 June 2013, met. The Council and Commission also held a public session pursuant to the CTPA environment chapter and the ECA. The EAC reviewed implementation of the Environment Chapter of the CTPA including actions taken by both countries to increase levels of environmental protection, ensure effective enforcement of environmental laws, and provide opportunities for public participation in environmental governance and the trade policy-setting processes. The EAC also discussed the designation of a secretariat to receive and consider submissions on matters regarding enforcement of environmental laws under the terms of the CTPA. The ECC reviewed ongoing environmental cooperation activities and approved and signed the first United States-Colombia Work Program for Environmental Cooperation under the ECA, which provides a robust framework for advancing environmental cooperation in the coming years.

4.3.5 United States-Israel Free Trade Agreement

4.54. The United States-Israel Free Trade Agreement is the United States' first FTA. It entered into force in 1985 and continues to serve as the foundation for expanding trade and investment between the United States and Israel by reducing barriers and promoting regulatory transparency. In 2013, U.S. goods exports to Israel were US$13.7 billion.

4.55. In August 2011, the United States and Israel finalized a work plan that addresses the remaining barriers to bilateral trade, including in the areas of agriculture and services. As initial steps under the work plan, the two sides agreed to pursue negotiations towards implementation of a Mutual Recognition Agreement for assessing conformity in telecommunications equipment and to facilitate trade by reviewing existing customs procedures and regulations. The two sides also made progress on a number of market access issues related to standards, customs classification, and technical regulations.

4.56. In 1996, the United States and Israel concluded an Agreement Concerning Certain Aspects of Trade in Agricultural Products (ATAP), which provided for duty-free or other preferential treatment for certain agricultural products. The 1996 agreement was extended through 2003, and a new agreement was concluded in 2004. While this Agreement originally ran through 2008, it has been extended annually since then. In November 2013, the two sides agreed to extend the 2004 ATAP through 31 December 2014, while negotiations for a new ATAP continue.

4.57. In November 2013, the United States and Israel brought a telecommunications mutual recognition agreement into force. This agreement streamlines conformity assessment processes. It facilitates trade by permitting recognized U.S. laboratories to test U.S. telecommunications equipment for conformity with Israeli technical regulations. The agreement also provides that in the future, the United States and Israel can agree to the mutual acceptance of equipment certifications issued by recognized conformity assessment bodies in the United States and Israel.

4.3.6 United States-Jordan Free Trade Agreement

4.58. In 2011, the United States and Jordan continued to benefit from their economic partnership. A key element of this relationship is the United States-Jordan Free Trade Agreement, which entered into force on 17 December 2001, and was implemented fully on 1 January 2010. In addition, the Qualifying Industrial Zones (QIZs), established by the U.S. Congress in 1996, allow products to enter the United States duty free if manufactured in Jordan, Egypt, or the West Bank and Gaza, with a specified amount of Israeli content. The program has succeeded in stimulating significant business cooperation between Jordan and Israel.

4.59. U.S. goods exports were an estimated US$2.1 billion in 2013, up 18% from 2012. QIZ products account for about 5% of Jordanian exports to the United States, but the QIZ share of these exports is declining relative to the share of exports shipped to the United States under provisions of the FTA. This shift toward exporting products manufactured outside of the QIZs demonstrates the important role the FTA plays in helping Jordan diversify its economy.

4.60. At the October 2012 meeting of the Joint Committee (JC) established under the FTA, the United States and Jordan crafted an action plan outlining concrete steps to boost trade and investment bilaterally, and between Jordan and other countries in the Middle East region. Among its first steps under the action plan during 2013, Jordan endorsed Joint Principles on International Investment and Joint Principles for Information and Communication Technology (ICT) Services.

4.61. Additionally, the United States worked with Jordan on the Implementation Plan Related to Working and Living Conditions of Workers which was concluded in January 2013, supported by the

USAID-funded ILO Better Work Jordan program. In December 2013, the Jordanian Ministry of Labor signed a Memorandum of Understanding with the U.S. Department of Labor to strengthen institutional capacity to fulfill the common goals of labor cooperation under the agreement, designating an office within each respective Ministries of Labor to serve as points of contact for this purpose. The FTA has played a significant role in boosting overall United States-Jordanian economic ties.

4.3.7 United States-Korea Free Trade Agreement

4.62. The United States-Korea Free Trade Agreement (KORUS) entered into force on 15 March 2012. Although trade was impacted by a slowdown in the Korean economy over the past 2 years, U.S. goods and services exports combined are up 4% between 2011 (pre-FTA) and 2013. Manufacturing exports reached US$35.4 billion in 2013, a 2.9% increase from 2011. Passenger vehicle exports increased 80%, and exports of pharmaceuticals increased 59%. Services exports reached US$20.6 billion in 2013, an increase of 25.1% from 2011. And in 2013, we exported US$81 million in fresh cherries to Korea, and increase of 106% from 2011. The agreement's central oversight body is the Joint Committee, chaired by the U.S. Trade Representative and the Korean Trade, Industry and Energy Minister. Since KORUS has been in force, all committees and working groups established under the FTA have been convened, with some groups meeting multiple times and addressing issues important to both the United States and Korea. The second Joint Committee meeting was convened in October 2013, and substantial issues of interest to both parties – including origin verification, financial services, and automotive issues – were discussed. A Senior Officials Meeting was held in November 2013, to follow up on the above-mentioned issues and to coordinate and report on the activities of the committees and working groups established under the agreement.

4.63. In addition, the Environmental Affairs Council (EAC) met in February 2013, and reviewed implementation of the Environment Chapter of the FTA. The United States and Korea outlined actions they have taken to increase levels of environmental protection, ensure effective enforcement of environmental laws, and provide opportunities for public participation in environmental governance and the trade policy-setting processes. They also discussed ways to further strengthen their cooperation in multilateral and regional fora, including APEC. They held a public session of the EAC, which included participation from civil society, business, and members of the press.

4.64. The United States also addresses KORUS compliance and other trade issues on a continual basis through regular inter-sessional consultations, through our respective embassies, and other engagement with the Korean government, including at senior levels, in order to resolve issues in a timely manner.

4.3.8 United States-Morocco Free Trade Agreement

4.65. The United States and Morocco signed an FTA on 15 June 2004. Since the entry into force of the FTA, two-way U.S.-Morocco trade has risen to US$3.5 billion in 2013, up from US$927 million in 2005 (the year prior to entry into force). U.S. goods exports to Morocco in 2013 were US$2.5 billion, up 14% from the previous year. Corresponding U.S. imports from Morocco in 2013 were US$977 million, up 4.9% from 2012.

4.66. The United States and Morocco signed a Trade Facilitation Agreement in November 2013 that builds on the FTA and includes provisions facilitating the movement of goods across borders, including transit, transparency with respect to penalties, Internet publication of rules and regulations governing trade, and other issues that will improve Morocco's efficiency in its goods trade. This agreement follows Morocco's endorsement of Joint Principles on International Investment and Joint Principles for Information and Communication Technology (ICT) Services in December 2012.

4.67. In 2013, the United States and Morocco took steps to enhance their trade and investment relationship. Morocco hosted four regional programs funded by the U.S. Department of State and organized by the U.S. Department of Commerce (DOC), including a March 2013 seminar to aid customs officials in identifying counterfeit products; a May 2013 workshop on best practices in government procurement; a May 2013 conference on standards development; and an

October 2013 commercial mediation program. In June 2013, DOC officials provided technical assistance to the Moroccan Department of Foreign Trade in implementing commercial defense measures and, in December 2013, the U.S. Patent and Trademark Office, in partnership with the Moroccan Industrial and Commercial Property Office, organized a conference for the Moroccan judiciary on IPR enforcement.

4.68. The United States and Morocco continued their cooperation in support of the FTA labor chapter. In December 2013, the U.S. Department of Labor funded a US$1 million project to promote gender equality in the workplace, and a US$5 million project to reduce child labor in the Marrakesh-Tensift-Al-Haouz region by promoting children's participation in educational and vocational training programs. The U.S. Department of State, through a grant to the International Labor Organization, provided technical support and training to the Moroccan Ministry of Labor to enforce labor laws and to promote social dialogue. The U.S. Department of State, through a grant to the American Center for International Labor Solidarity, also continued its assistance to Moroccan worker organizations to support internal capacity building and to organize vulnerable workers employed in call centers and Export Processing Zones.

4.69. In 2013, Morocco and the United States continued their cooperation on environmental issues. The U.S. Department of the Interior helped Moroccan government authorities strengthen tools customs officers use to seize contraband wildlife products at ports of entry, and Morocco's CITES Management Authority to oversee legal trade in wildlife products. The U.S. Forest Service provided rangeland management training to Moroccan officials and supported the establishment of a Rangeland Management School to help protect Morocco's primary water source.

4.3.9 United States-Oman Free Trade Agreement

4.70. The United States-Oman Free Trade Agreement, which entered into force on 1 January 2009, complements existing FTAs to promote economic reform and openness in the region. Implementation of the obligations contained in the comprehensive agreement will generate export opportunities for U.S. goods and services providers, solidify Oman's trade and investment liberalization efforts, and strengthen intellectual property rights protection and enforcement.

4.71. The central oversight body for the FTA is the United States-Oman Joint Committee, chaired jointly by USTR and Oman's Ministry of Commerce and Industry. In September 2012, the two governments discussed a broad range of trade issues including efforts to increase bilateral trade and investment levels, possible cooperation in the broader Middle East and North Africa region, and additional cooperative efforts related to labor rights and environmental protection. In June 2014, U.S. and Omani trade and environment officials met to discuss progress made to implement the environment chapter of the FTA. They also discussed ongoing environmental cooperation activities and adopted an updated environmental cooperation work program. They held a public session, which included participation from civil society, business, and members of the press.

4.3.10 United States-Panama Trade Promotion Agreement (Panama TPA)

4.72. The United States-Panama Trade Promotion Agreement (Panama TPA) entered into force on 31 October 2012. The United States' two-way goods trade with Panama was US$11.0 billion in 2013, with U.S. goods exports to Panama totalling US$10.6 billion. The TPA's central oversight body is the United States-Panama Free Trade Commission (FTC), comprised of the U.S. Trade Representative and the Panamanian Minister of Trade and Industry or their designees. In 2013, the FTC established the Agricultural and the Sanitary and Phytosanitary Committees under the TPA. The United States and Panama also agreed to update a 2007 side letter regarding how the United States would treat products from other U.S. free trade agreement partners if those products passed through Free Trade Zones in Panama, and agreed to update and amend a 2006 side letter to change the certification requirements for U.S. beef and beef products to be exported to Panama. In 2014, the FTC took decisions to establish much of the dispute settlement structure under the Agreement.

4.73. The Agreement includes obligations for both countries to protect fundamental labor rights as well as to effectively enforce existing labor laws, which will enable workers and businesses to compete on a level playing field. The Agreement also established a Labor Affairs Council (LAC) under the labor chapter. The January 2014 inaugural meeting of the LAC was held in Panama City, and the United States and Panama reviewed progress on the implementation of the Agreement's labor obligations and discuss areas for cooperation on labor rights issues.

4.74. The Agreement establishes an Environmental Affairs Council (EAC) under the environment chapter. In May 2012, the United States and Panama signed the U.S.-Panama Environmental Cooperation Agreement (ECA), which the Panamanian National Assembly passed on 22 October 2013, and which entered into force on 7 December 2013. The ECA established an Environmental Cooperation Commission (ECC). In January 2014, the EAC and the ECC both met in Panama City to discuss progress made to implement the environment chapter, including regarding the establishment of a secretariat for environmental enforcement matters, and advancing progress on the ECA work program. A public session was held in connection with these meetings.

4.3.11 United States-Peru Trade Promotion Agreement

4.75. The United States-Peru Trade Promotion Agreement (PTPA) entered into force on 1 February 2009. The PTPA eliminates tariffs and removes barriers to U.S. services, provides a secure, predictable legal framework for investors, and strengthens protection for intellectual property, workers, and the environment. The United States' two-way goods trade with Peru was an estimated US$18.2 billion in 2013, with U.S. goods exports to Peru totaling US$10.1 billion.

4.76. The PTPA's central oversight body is the United States-Peru Free Trade Commission (FTC), comprised of the U.S. Trade Representative and the Peruvian Minister of Foreign Trade and Tourism or their designees. A number of working level committees were established under the PTPA, including the Committee on Agricultural Trade, the Standing Committee on SPS, the Committee on Intellectual Property and the Committee on Textiles and Apparel Trade Matters.

4.77. The PTPA also established the United States-Peru Forest Sector Subcommittee and the Environmental Affairs Council (EAC). The Subcommittee serves as a forum for the Parties to exchange views and share information on any matter arising under the PTPA's Annex on Forest Sector Governance, and through the EAC, the United States and Peru have had robust engagement concerning the implementation of the environmental obligations under the PTPA Environment Chapter and the Annex on Forest Sector Governance. In January 2013, the Parties agreed to a five point Action Plan to strengthen implementation of the Forest Sector Annex and promote Peru's forestry sector reform efforts. The Action Plan identifies a targeted set of actions for Peru to undertake to address specific challenges in its forestry sector, including implementing anti-corruption measures, improving systems to track and verify the chain of custody of timber exports, ensuring timely criminal and administrative proceedings for forestry-related crimes and infractions, and strengthening development of accurate annual operating plans for timber producers.

4.78. In April 2013, the Forest Sector Subcommittee and the Environmental Cooperation Commission (ECC) met in Lima, Peru. The ECC is responsible for reviewing implementation of the United States-Peru Environmental Cooperation Agreement, an agreement designed to enhance environmental cooperation and build capacity between the United States and Peru. The Forest Sector Subcommittee reviewed progress under the Forest Sector Annex, including the development of a prototype for an information system that will track and verify the chain of custody for wood harvested in Peru's forests. In June 2013, the EAC met to review progress in implementing commitments under the environment chapter and the ECC reviewed the implementation of environmental cooperation activities. The Parties held a public session in connection with these meetings. In August 2014, officials from USTR, the Environmental Protection Agency, and the State Department travelled to Peru to engage with Peruvian government officials and civil society groups on recently enacted changes to Peru's laws. The United States continues to engage closely with Peru to discuss the changes and will monitor the implementation of the changes in light of Peru's environmental and labor commitments in the PTPA.

4.3.12 United States-Singapore Free Trade Agreement

4.79. The United States-Singapore FTA has been in force since 1 January 2004. Two-way goods trade with Singapore totaled US$48.5 billion in 2013, up 53% from 2003 (the year before the

FTA's entry into force). In 2013, U.S. goods exports were US$30.7 billion, up 85% from 2003, and U.S. goods imports were US$17.8 billion, up 18% from 2003.

4.80. The United States continues to monitor implementation of the FTA, consulting regularly with Singapore. The two sides also continued to discuss trade in textiles and apparel, measures related to Singapore's imports of U.S. beef and pork, protection of intellectual property rights, concerns related to the geographical indications regime in the EU-Singapore FTA, cloud computing deployments in the financial services industry, requirements for pay television companies to cross-carry content from competing providers, and continued environmental and labor cooperation efforts. In April 2013, the United States and Singapore met to discuss environmental cooperation and adopted a new Plan of Action for environmental cooperation for 2013-14.

5 TRADE-RELATED CAPACITY BUILDING INITIATIVES

5.1. Trade policy and development assistance are key tools that together can help alleviate poverty and improve opportunities. Through "aid for trade," the United States focuses on giving countries, particularly the least trade-active, the training and technical assistance needed to: make decisions about the benefits of trade arrangements and reforms; implement their obligations to bring certainty to their trade regimes; and enhance these countries' ability to take advantage of the opportunities of the multilateral trading system and to compete in a global economy. Accordingly, U.S. assistance addresses a broad range of issues so that communities, rural areas, and small businesses, including female entrepreneurs, benefit from ambitious reforms in trade rules that are being negotiated in the WTO and in other trade agreements. The United States promotes trade and economic growth in developing countries through a wide range of trade capacity building (TCB) activities.

5.2. An important element of this TCB work involves coordinating U.S. Government technical assistance activities with those of the international institutions in order to identify and take advantage of donor complementarities in programming and to avoid duplication. Such institutions include the WTO, the World Bank, the IMF, the regional development banks, and the United Nations. The United States, led by USTR at the WTO and by the Treasury Department at the international financial institutions, works in partnership with these institutions and other donors to ensure that, where appropriate, trade-related assistance is an integral component of development programs tailored to the circumstances within each developing country. In April 2014, USTR and the U.S. Agency for International Development (USAID) hosted a meeting with Ministers and heads of development banks to discuss donor efforts to help developing countries implement the WTO Trade Facilitation Agreement (TFA), and to ensure coordination among donor entities. The meeting provided an opportunity for donor institutions to share best practices and updates on the broad range of trade capacity building projects that are already in place.

5.3. The United States' efforts build on its longstanding commitment to help partner countries benefit from the opportunities provided by the global trading system, both through bilateral U.S. assistance and through multilateral institutions. U.S. bilateral assistance includes programs such as targeted assistance for developing countries participating in U.S. preference programs and coordination of assistance through Trade and Investment Framework Agreements (TIFAs). The United States also provides bilateral assistance to developing countries to enable them to work with the private sector and non-governmental organizations to transition to a more open economy, to prepare for WTO negotiations, and to abide by their trade obligations. Multilaterally, the United States has supported and will continue to support trade-specific assistance mechanisms, such as the Enhanced Integrated Framework for Trade-Related Assistance to Least-Developed Countries and the WTOs Global Trust Fund for Trade-Related Technical Assistance.

World Trade Organization-Related U.S. Trade-Related Assistance

5.4. International trade can play a major role in the promotion of economic growth and the alleviation of poverty, and the United States recognizes that TCB can facilitate more effective integration of developing countries into the international trading system and enable them to benefit further from global trade. The United States has and will continue to directly support the WTO's trade-related technical assistance efforts. As a major bilateral provider of trade capacity building assistance, the United States has remained an active partner in the WTO's Aid for Trade discussion.

5.5. The United States supports the trade-related assistance activities of the WTO Secretariat through voluntary contributions to the DDA Global Trust Fund. In September 2014, the United States pledged an additional US$1 million to the trust fund, urging the Secretariat to devote particular attention to responding to requests for assistance from those developing countries working to implement the Trade Facilitation Agreement, including those Members who have submitted Category A notifications. Taking into account this contribution, total U.S. contributions to the WTO have amounted to more than US$15 million since 2001.

5.6. The United States provides technical support to countries that are in the process of acceding to the WTO. In 2013, the United States provided WTO accession support to several countries, including Afghanistan, Azerbaijan, Bosnia and Herzegovina, Iraq, Kazakhstan, Laos, and Liberia. Among current accession applicants, Algeria, Belarus, Ethiopia, Lebanon, Serbia, and Uzbekistan also received U.S. technical assistance earlier in their accession processes. At the request of Turkmenistan's government, which is considering whether to request initiation of negotiations to accede to the WTO, USAID organized seminars on WTO accession for officials and other economic stakeholders in March and again in July of 2013.

The Enhanced Integrated Framework

5.7. The Enhanced Integrated Framework (EIF) is a multi-organization, multi-donor program that operates as a coordination mechanism for trade-related assistance to least-developed countries (LDCs) with the overall objective of integrating trade into national development plans. The United States supports the EIF primarily through complementary bilateral assistance to EIF participating countries. USAID bilateral assistance to LDC participants supports initiatives both to integrate trade into national economic and development strategies and to address high priority capacity building needs designed to accelerate integration into the global trading system.

Free Trade Agreement Negotiations

5.8. Although the WTO programs and the EIF are high priorities, they are only part of the U.S. TCB effort. In order to help U.S. FTA partners participate in negotiations, implement commitments, and benefit over the long-term, USTR has created TCB working groups in FTA negotiations with developing countries and Committees on TCB to prioritize and coordinate TCB activities during the transition and implementation periods once an FTA enters into force. USAID and USDA, their field missions, and a number of other U.S. Government assistance providers actively participate in these working groups and committees so that TCB needs identified can be quickly and efficiently incorporated into ongoing regional and country assistance programs. The Committees on TCB also invite non-governmental organizations, representatives from the private sector, and international institutions to join in building the trade capacity of the countries in each region. Trade capacity building is a fundamental feature of bilateral cooperation in support of the CAFTA-DR and the United States-Peru Trade Promotion Agreement. USTR also works closely with the Department of State and other agencies to track and guide the delivery of TCB assistance to Jordan, Morocco, Bahrain, and Oman. As with other agreements, the United States-Colombia Trade Promotion Agreement and the United States-Panama Trade Promotion Agreement each provide for the creation of a Committee on TCB to build upon the progress made by the proceeding TCB working groups on economic assistance and poverty alleviation.

TCB Initiatives for Africa

5.9. In August 2014, President Obama issued a Presidential Memorandum establishing a Steering Group on Africa Trade and Investment Capacity Building and tasking agencies to develop strategies to coordinate their trade and capacity building activities both across the U.S. Government and with a range of partners. Through bilateral and multilateral channels, the United States has also invested more than US$4.9 billion in trade-related projects in sub-Saharan Africa since 2001 to spur economic growth and fight poverty.

5.10. The United States operates three regional trade hubs in Africa, offices that aim to assist, enhance, and broaden the flow of trade between the United States and the region. These trade hubs seek to improve Africa's capacity to produce and export competitive, value-added products, including those that can enter the United States duty free under the African Growth and Opportunity Act (AGOA), and to address supply-side constraints that impede African trade.

5.11. In the summer of 2013, President Obama launched Trade Africa, a new partnership between the United States and sub-Saharan Africa that seeks to increase internal and regional trade within Africa and expand trade and economic ties between Africa, the United States, and other global markets. Trade Africa will initially focus on the East African Community (EAC) and will combine the negotiation of trade and investment agreements, U.S. and EAC private sector engagement, and trade capacity building support provided both directly by the United States and through new partnerships with international donors.

5.12. These trade capacity building efforts complement other U.S. government initiatives to promote development and economic growth and address infrastructure needs in Africa. In June 2013, President Obama launched Power Africa, an initiative which aims to double the supply of electricity to Africa. In total, the Power Africa program has now mobilized more than US$26 billion.

5.13. The United States is also committed to promoting food security. Feed the Future, the United States' global hunger and food security initiative, has more than doubled U.S. agricultural research investments in five years, deploying more than 34 drought-tolerant maize varieties to African countries and investing in 24 Feed the Future Innovation Labs. Building on the Feed the Future initiative, the United States played a major role in developing the G-8 New Alliance for Food Security and Nutrition program, which supports country-led agricultural reforms. More than US$10 billion in private sector commitments have been made and more than three million smallholder farmers have benefited through contracts for services, sourcing or production in staple and other food security-related crops.

5.14. Since 2005, the United States has mobilized its development agencies to help the West African countries of Benin, Burkina Faso, Chad, Mali, and Senegal to address obstacles they face in the cotton sector. The Millennium Challenge Corporation (MCC), the U.S. Agency for International Development (USAID), the U.S. Department of Agriculture (USDA), and the U.S. Trade and Development Agency (USTDA) continued to work with these nations as they sought to develop a coherent long-term development strategy to improve prospects in the cotton sector. Elements of such a strategy address key challenges such as improved productivity and domestic reforms. The United States will continue to coordinate with the WTO, World Bank, the African Development Bank, and others as part of the multilateral effort to address the development aspects of cotton. This includes the active participation of the United States in the WTO Secretariat's periodic meetings with donors and recipient countries to discuss the trade, development, and reform aspects of cotton.

5.15. The USAID-funded West Africa Cotton Improvement Program (WACIP), which ran from 2006-2013, and follow-on Cotton Partnership Program, along with other U.S. Government and MCC agriculture and trade-related programs in the C-4 countries, reflect the substantial commitment of the U.S. Government to address the development aspects of cotton raised by the C-4 countries. The cooperative agreement for the Cotton Partnership Project was approved in April 2014 and is anticipated to cover four years ending in March 2018.

5.16. The United States also provides complementary support to the cotton sector through other programs. MCC is implementing or has implemented compacts with Benin, Burkina Faso, Mali, and Senegal. The USDA also provides support to these countries through its Food for Progress program, which encourages development of the agriculture sector and market development. USDA further supports the West African cotton sector through its research and exchange programs, specifically the Borlaug Programs and the Cochran Program.

Standards Alliance

5.17. In November 2012, the United States launched a new U.S.-sponsored assistance facility called the "Standards Alliance" with the goal of building capacity among developing countries to implement the WTO Agreement on Technical Barriers to Trade (TBT Agreement). The Standards Alliance provides resources and expertise to enable developing countries to effectively implement the TBT Agreement. The focus of these efforts in developing countries includes efforts: to improve practices related to notification of technical regulations and conformity assessment procedures to the WTO; to strengthen domestic practices related to adopting relevant international standards; and to clarify and streamline regulatory processes for products.

5.18. In May 2013, USAID and the American National Standards Institute (ANSI) entered into a public-private partnership that will coordinate private-sector subject matter experts from ANSI member organizations in the delivery of training and other technical exchange with interested Standards Alliance countries on international standards and best practices. In coordination with USTR, the USAID-ANSI partnership will include activities in up to ten markets representing a variety of geographical regions and levels of economic development. In consultation with TPSC member agencies and private sector experts, ANSI reviewed the applications received based on consideration of bilateral trade opportunities, available private sector expertise that may be leveraged, demonstrated commitment and readiness for assistance, and potential development impact. Participating countries/regions for the first year include: Central America (CAFTA-DR, Panama), Colombia, the East African Community, Indonesia, Middle East/North Africa, Peru, Southern Africa Development Community, developing ASEAN members, and Yemen.

5.19. The highlights of Standards Alliance programming in 2013 and 2014 include a bilateral workshop on Good Regulatory Practices with Indonesia in June 2013; a series of programs with Peru held between July and September 2013 on standards development, conformity assessment, Good Regulatory Practices, and implementation of the TBT Agreement; and an August 2014 workshop with the East African Community on electronic notification systems and public consultation.

6 TRADE AND THE ENVIRONMENT

6.1. Since the last U.S. Trade Policy Review, the United States has achieved significant results on trade and environment matters in multiple fora, including through regional and bilateral trade initiatives. In the TPP negotiations, the United States continued to press for commitments to address environmental issues, including conservation challenges in the Asia Pacific region, such as combating wildlife trafficking and illegal logging and addressing marine fisheries issues, as well as commitments to liberalize trade in environmental goods and services. In the T-TIP negotiations, the Administration is seeking ambitious environmental commitments including those relating to the protection and conservation of wildlife, marine fisheries, and forest resources. The Administration has also continued to prioritize implementation of the free trade agreements currently in force.

6.2. President Obama announced his Climate Action Plan in June 2013, which included a call to work towards global free trade in environmental goods, such as renewable and clean energy technologies. In July 2014, the United States and 13 other WTO members, accounting for 86% of global trade in environmental goods, launched negotiations on the Environmental Goods Agreement (EGA). In addition to the United States, Australia, Canada, China, Costa Rica, the European Union, Hong Kong, Japan, Korea, New Zealand, Norway, Singapore, Switzerland and Chinese Taipei are participating in the negotiations. The EGA aims to eliminate tariffs on a broad set of environmental technologies such as wind turbines, water treatment filters, and solar water heaters. These negotiations will build on a list of 54 environmental goods on which APEC Leaders agreed to reduce tariffs to 5% or less by the end of 2015.

6.3. In July 2013, the President issued an Executive Order on Combating Wildlife Trafficking in order to enhance U.S. Government efforts to combat wildlife trafficking. The Executive Order established a Presidential Task Force to develop and implement a National Strategy for combating wildlife trafficking. The National Strategy was issued in February 2014, and establishes three strategic priorities: (1) strengthening the enforcement of laws and the implementation of international agreements protecting wildlife; (2) reducing the demand for illegal wildlife and related products; and (3) working cooperatively with other governments, the private sector, and civil society to enhance global commitment to combat wildlife trafficking. The National Strategy provides that the United States will engage with existing and future free trade agreement partners to take measures to combat wildlife trafficking and to make wildlife trafficking a priority topic for cooperation and capacity building. In June 2014, the President issued a Presidential Memorandum on Combating Illegal Fishing and Seafood Fraud. The memorandum established a Presidential Task Force and directed it to develop a comprehensive framework to combat illegal, unreported, and unregulated fishing and seafood fraud.

6.4. In APEC, the United States continued to advance work on a range of environmental matters. APEC held its first meeting of the Public-Private Partnership on Environmental Goods and Services (PPEGS) in August 2014, which will contribute to APEC's work to address non-tariff barriers in this important sector. APEC economies also agreed to continue capacity building activities to assist economies with implementing their commitments regarding the APEC List of Environmental Goods. The United States launched a work program on electronics stewardship in APEC to increase understanding of the environmental, economic, and social impacts of trade in used electronics and to promote safe handling of used electronics. The APEC Experts Group on Illegal Logging and Associated Trade, which is charged with combating illegal logging and associated trade and promoting legal trade in forest products in the region, convened the first-ever public-private sector dialogue to discuss challenges, activities, and new technologies in the forestry sector, with participation from a broad range of business and civil society representatives. Additionally, the United States met with China and Indonesia under MOUs with each country on combating illegal logging and associated trade. The meetings provided an opportunity to share detailed information on our respective efforts to combat illegal logging and associated trade and on potential areas for collaboration.

6.5. Since the last review, the United States has worked in close collaboration with Peru to advance implementation of the Annex on Forest Sector Governance under the United States-Peru Trade Promotion Agreement. During the review period, the United States also met with officials from Central America and the Dominican Republic, Colombia, Chile, Korea, Oman, and Panama to discuss implementation of the environment chapters of our FTAs.

7 TRADE AND LABOR

7.1. Ensuring respect for worker rights is a core value, and the trade policy agenda of the United States includes a strong commitment to ensuring that workers and their families in America and around the world benefit from trade. In the Trans-Pacific Partnership, (TPP) the United States is seeking to build on the strong labor provisions in the most recent U.S. trade agreements by seeking enforceable rules that protect the rights of freedom of association and collective bargaining; discourage trade in goods produced by forced labor, including forced child labor; promote acceptable conditions of work; and establish mechanisms to monitor and address labor concerns.

7.2. The United States has continued its efforts to enhance U.S. Government engagement with trade partners to improve respect for labor rights and to increase monitoring and enforcement of trade agreement labor provisions. The United States also continues to enhance its engagement with trade partners on labor rights through the formal mechanisms of trade agreements, trade programs, and other means. In 2013, inaugural Labor Affairs Council meetings were held under trade agreements with Colombia and the Republic of Korea, and in January 2014 with Panama, where high-level labor officials discussed workers' rights and employment issues and held open sessions to meet with labor stakeholders and the general public. In September 2014, the United States announced that it would proceed with a labor enforcement case against Guatemala. Labor issues were also on the agenda of commission meetings under existing trade agreements, as well as meetings under Trade Investment Framework Agreements (TIFAs) and in multilateral fora, including the Asia Pacific Economic Cooperation (APEC) forum.

7.3. As an essential component of the Administration's trade agenda, President Obama signed into law renewal of the Trade Adjustment Assistance (TAA) programs to assist workers, firms and farmers adversely affected by global competition. On 21 October 2011, President Obama signed the Trade Adjustment Assistance Extension Act of 2011 (TAAEA). The renewal of TAA preserves the key goals of the 2009 TAA program reforms, such as covering service workers and workers whose jobs shift overseas. It helps ensure that American workers affected by global competition are given the best opportunity to acquire skills and credentials to get good jobs. The TAA program currently offers the following services to eligible workers: training; weekly income support; out-of-area job search and relocation allowances; case management and employment services; assistance with payments for health insurance coverage through the utilization of the Health Coverage Tax Credit (HCTC); and wage insurance for some older workers. In FY2013, US$756,353,000 was available to carry out the program.

7.4. The United States has continued to promote the discussion of labor rights as one of the topics relevant to the effort to strengthen economic integration and to build high quality trade agreements in the Asia-Pacific region. In APEC, the United States has continued to support inclusion by APEC economies of labor and social issues in next generation trade agreements. In particular, in June 2013, in the APEC Committee on Trade and Investment, the United States organized and co-sponsored with Canada, Chile, Korea, and New Zealand a workshop in Medan, Indonesia to build the capacity of APEC economies to negotiate labor provisions in their respective trade agreements. Representatives from nearly all APEC economies attended the workshop.

8 SMALL AND MEDIUM-SIZED BUSINESS TRADE

8.1. In October 2009, USTR announced a Small Business initiative aimed at ensuring that the specific export challenges and priorities of Small and Medium Enterprises (SMEs) and their workers are reflected in our trade policy and enforcement activities. This effort also supports the goals of the Administration's National Export Initiative (NEI) to double U.S. exports by the end of 2014 to support millions of American jobs. The NEI highlights priority attention to expanding SME exports.

8.2. U.S. small businesses are key engines for U.S. economic growth, jobs, and innovation. SMEs that export tend to grow faster, add jobs faster, and pay higher wages than SMEs that serve purely domestic markets. Studies by the U.S. International Trade Commission (USITC), requested by USTR, reveal that SMEs play a larger role in the export economy than is suggested by traditional trade statistics, with direct and indirect exports by U.S. SMEs supporting about four million jobs in the United States while accounting for over 40% of the total value of U.S. exports of goods and services. There are some 30 million SMEs in the United States, but currently, as few as 1% of these companies export goods or services, and most export only one product or service to one foreign country.

8.3. Several aspects of U.S. trade policy have particular potential to help boost SME exports. These include enhancing trade facilitation work, strengthening and enforcing intellectual property rights, and targeting services barriers that are especially difficult for SMEs, such as requirements for staffing an office in each country to which companies wish to export. Tariff barriers, burdensome customs procedures, discriminatory or arbitrary standards, and lack of transparency relating to relevant regulations in foreign markets present particular challenges for SMEs in selling abroad. On an interagency basis, the Trade Promotion Coordinating Committee's (TPCC) Small Business Working Group, brings various U.S. government agencies together to promote small business exports, and connect SMEs to trade information and resources to help them begin or expand their exports and take advantage of existing trade agreements.

8.4. During the review period, the United States has actively worked to increase SME exports. For example, the United States is working with its TPP partners to support the growth and development of small businesses, by enhancing their ability to participate in and benefit from the export opportunities that will be created under the Agreement. In 2013, APEC Leaders agreed to establish a Supply Chain Connectivity Fund to carry forward targeted, focused capacity building in APEC economies to improve supply chain performance and move goods through the region faster, easier, and more cheaply. Under the auspices of the Transatlantic Economic Council, the United States and the EU's Directorate-General for Trade and Directorate-General for Enterprise organized the 5th U.S.-EU Small and Medium Enterprise Workshop in Brussels, in October 2013, with the aim of exchanging best practices, identifying common trade barriers and facilitating increased small business participation in transatlantic trade. In the Western Hemisphere, the United States is working to support the Small Business Network of the Americas (SBNA), an initiative to spur growth in small and medium-sized businesses in the Hemisphere, and to expand trade between them.

8.5. The United States also continues to develop the FTA Tariff Tool, a free online tool launched in 2011, which helps small businesses take better advantage of tariff reduction and elimination under U.S. trade agreements. The FTA Tariff Tool was expanded to include tariff information on textiles and apparel products as well as rules of origin under U.S. FTAs, and will eventually be expanded to include new regional free trade agreements such as TPP. USTR and other agencies also created an SME Exporter's Toolkit guide to U.S. Government exporting resources which reached tens of thousands of SME exporters in the U.S. Census Bureau newsletter.